

## § 275.85

(2) Puerto Rican products on which the tax is prepaid or deferred (see Subpart G); and

(3) Tax payments of cigars from class 6, customs bonded manufacturing warehouses (see § 275.151).

(68A Stat. 907, as amended (26 U.S.C. 7652); sec. 202, Pub. L. 85-859, 72 Stat. 1417 (26 U.S.C. 5703))

[T.D. ATF-27, 41 FR 23951, June 14, 1976, as amended by T.D. ATF-40, 42 FR 5005, Jan. 26, 1977; T.D. ATF-232, 51 FR 28085, Aug. 5, 1986; T.D. ATF-243, 51 FR 43194, Dec. 1, 1986; T.D. ATF-246, 52 FR 669, Jan. 8, 1987; T.D. ATF-284, 54 FR 12190, Mar. 24, 1989; T.D. ATF-289, 54 FR 48841, Nov. 27, 1989; T.D. ATF-307, 55 FR 52744, Dec. 21, 1990]

RELEASE FROM CUSTOMS CUSTODY OF  
TOBACCO PRODUCTS AND CIGARETTE  
PAPERS AND TUBES WITHOUT PAY-  
MENT OF TAX OR CERTAIN DUTY

### **§ 275.85 Release from customs custody of imported articles.**

The provisions of this section apply only to cigars, cigarettes, cigarette papers, and cigarettes tubes imported or brought into the United States prior to December 16, 1986. Tobacco products manufactured in a foreign country, the Virgin Islands, or a possession of the United States may be released by the district director of Customs from Customs custody, without payment of internal revenue tax, for transfer to the factory of a manufacturer of tobacco products under the bond of such manufacturer. Cigarette papers and tubes manufactured in a foreign country, the Virgin Islands, or a possession of the United States may be released by the district director of customs from customs custody, without payment of internal revenue tax, for transfer, under the bond of the manufacturer to whom such articles are released, to the factory of (a) a manufacturer of cigarette papers and tubes; or (b) a manufacturer of tobacco products solely for use in the manufacture of cigarettes. Releases under this section shall be in accordance with § 275.86:

*Provided, however,* That a manufacturer of tobacco products or a manufacturer of cigarette papers and tubes who desires to obtain the release of Virgin Islands tobacco products or cigarette papers or tubes from customs custody,

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without payment of internal revenue tax, under his bond, shall, in addition, file an extension of coverage of his bond on Form 2105 in the same manner and form as prescribed for Puerto Rican articles in § 275.136. Articles received into the factory of a manufacturer under the provisions of this section are subject to the provisions of part 270 of this chapter. (For provisions relating to release of Puerto Rican tobacco products and cigarette papers and tubes from customs custody, without payment of internal revenue tax, see subpart G of this part.)

(72 Stat. 1418, as amended; 26 U.S.C. 5704)

[T.D. 6871, 31 FR 42, Jan. 4, 1966. Redesignated at 40 FR 16835, Apr. 15, 1975, and amended by T.D. ATF-232, 51 FR 28085, Aug. 5, 1986; T.D. ATF-243, 51 FR 43194, Dec. 1, 1986; T.D. ATF-246, 52 FR 669, Jan. 8, 1987; T.D. ATF-384, 61 FR 54095, Oct. 17, 1996]

### **§ 275.85a Release from customs custody of returned articles.**

Domestically produced tobacco products (classifiable under item 9801.00.80 of the Harmonized Tariff Schedule of the United States, 19 U.S.C. 1202) exported from and returned unchanged to the United States may if entered, or withdrawn from warehouse, for consumption after June 30, 1964, be released from customs custody without payment of that part of the duty attributable to the internal revenue tax for delivery to the factory of a manufacturer of tobacco products under his bond. Domestically produced cigarette papers and tubes (classifiable under item 9801.00.80 of the Harmonized Tariff Schedule of the United States, 19 U.S.C. 1202) exported from and returned unchanged to the United States may if entered, or withdrawn from warehouse, for consumption after June 30, 1964, be released from customs custody without payment of that part of the duty attributable to the internal revenue tax for delivery, under the bond of the manufacturer to whom such articles are released, to the factory of (a) a manufacturer of cigarette papers and tubes; or (b) a manufacturer of tobacco products solely for use in the manufacture of cigarettes. Releases under this section shall be in accordance with the procedures set forth in § 275.86. Upon such release, the tobacco products and

cigarette papers and tubes shall be subject to the tax and all other provisions of chapter 52, I.R.C., and, as applicable, subject to the provisions of the regulations in part 270 of this chapter as if they had not been exported or otherwise removed from internal revenue bond.

(72 Stat. 1418, as amended; 26 U.S.C. 5704)

[T.D. 6871, 31 FR 42, Jan. 4, 1966. Redesignated at 40 FR 16835, Apr. 15, 1975, and amended by T.D. ATF-232, 51 FR 28085, Aug. 5, 1986; T.D. ATF-243, 51 FR 43194, Dec. 1, 1986; T.D. ATF-284, 54 FR 12190, Mar. 24, 1989; T.D. ATF-384, 61 FR 54095, Oct. 17, 1996]

#### § 275.86 Procedure for release.

Every manufacturer of tobacco products and cigarette papers and tubes who desires to obtain the release of tobacco products and cigarette papers and tubes from customs custody, without payment of internal revenue tax, under his bond, as provided in § 275.85 or § 275.85a, shall prepare a notice of release, Form 2145, in triplicate, and file the three copies of the form with the regional director (compliance) for the region wherein the manufacturer is located. The regional director (compliance) will not certify Form 2145 covering the release of tobacco products and cigarette papers and tubes unless the manufacturer is authorized, under part 270 of this chapter, to receive, without payment of tax, the kinds of articles set forth in the form. After certification by the regional director (compliance), all copies shall be presented by the manufacturer to the district director of customs having custody of the tobacco products and cigarette papers and tubes prior to release thereof. The district director of customs may release such articles upon completion of the notice of release and, after release, he will retain one copy of the form, transmit one copy to the regional director (compliance) shown thereon, and return one copy to the

manufacturer, which shall be retained by the manufacturer.

(72 Stat. 1418, as amended, 1423, as amended; 26 U.S.C. 5704, 5741)

[T.D. 6871, 31 FR 42, Jan. 4, 1966. Redesignated at 40 FR 16835, Apr. 15, 1975, and amended by T.D. ATF-232, 51 FR 28085, Aug. 5, 1986; T.D. ATF-243, 51 FR 43194, Dec. 1, 1986; T.D. ATF-246, 52 FR 669, Jan. 8, 1987; T.D. ATF-384, 61 FR 54095, Oct. 17, 1996]

### Subpart G—Puerto Rican Tobacco Products and Cigarette Papers and Tubes, Brought Into the United States

#### § 275.101 General.

(a) Tobacco products and cigarette papers and tubes manufactured in Puerto Rico which are brought into the United States and withdrawn for consumption or sale are subject to the tax imposed by 26 U.S.C. 7652(a), at the rates set forth in 26 U.S.C. 5701.

(b) The excise taxes collected on tobacco products and cigarette papers and tubes manufactured in Puerto Rico are covered into the Treasury of Puerto Rico. Tobacco products and cigarette papers and tubes are considered as manufactured in Puerto Rico for purposes of 26 U.S.C. 7652(a)(3) if the sum of the cost or value of the materials produced in Puerto Rico, plus the direct costs of processing operations performed in Puerto Rico, equals or exceeds 50 percent of the value of the product when it is brought into the United States.

(c) The excise tax on tobacco products and cigarette papers and tubes of Puerto Rican manufacture may be prepaid in Puerto Rico prior to shipment of such articles to the United States in accordance with § 275.105. In the case of tobacco products such tax may be paid in Puerto Rico on the basis of a semi-monthly return in accordance with the applicable provisions of this subpart.

(d)(1) Prior to December 16, 1986, cigars and cigarettes may be brought into the United States without payment of excise tax, for transfer to the